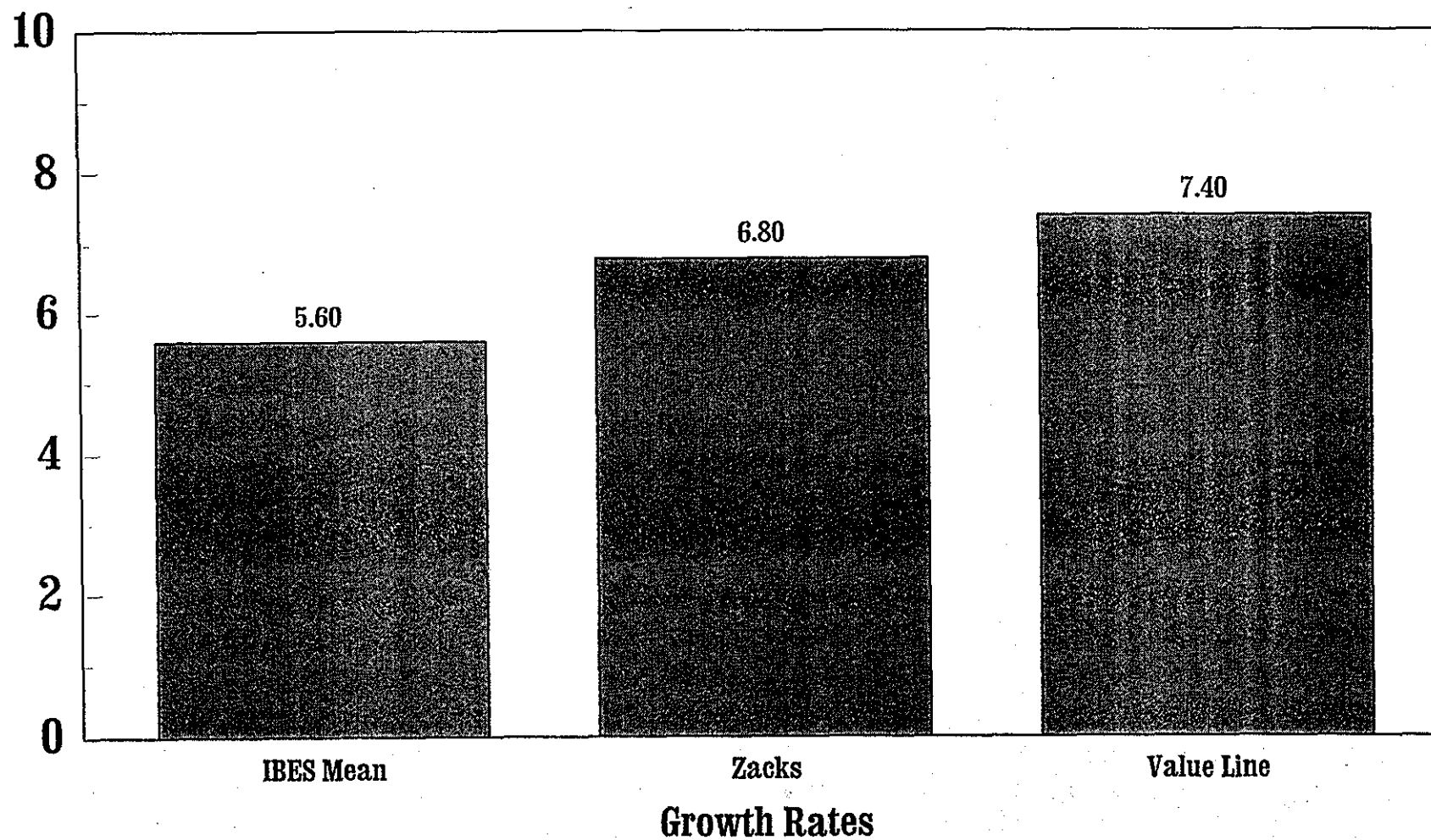


## Value Line Extended Water Group

### Analysts' Projected Short-Run Earnings Growth Rates

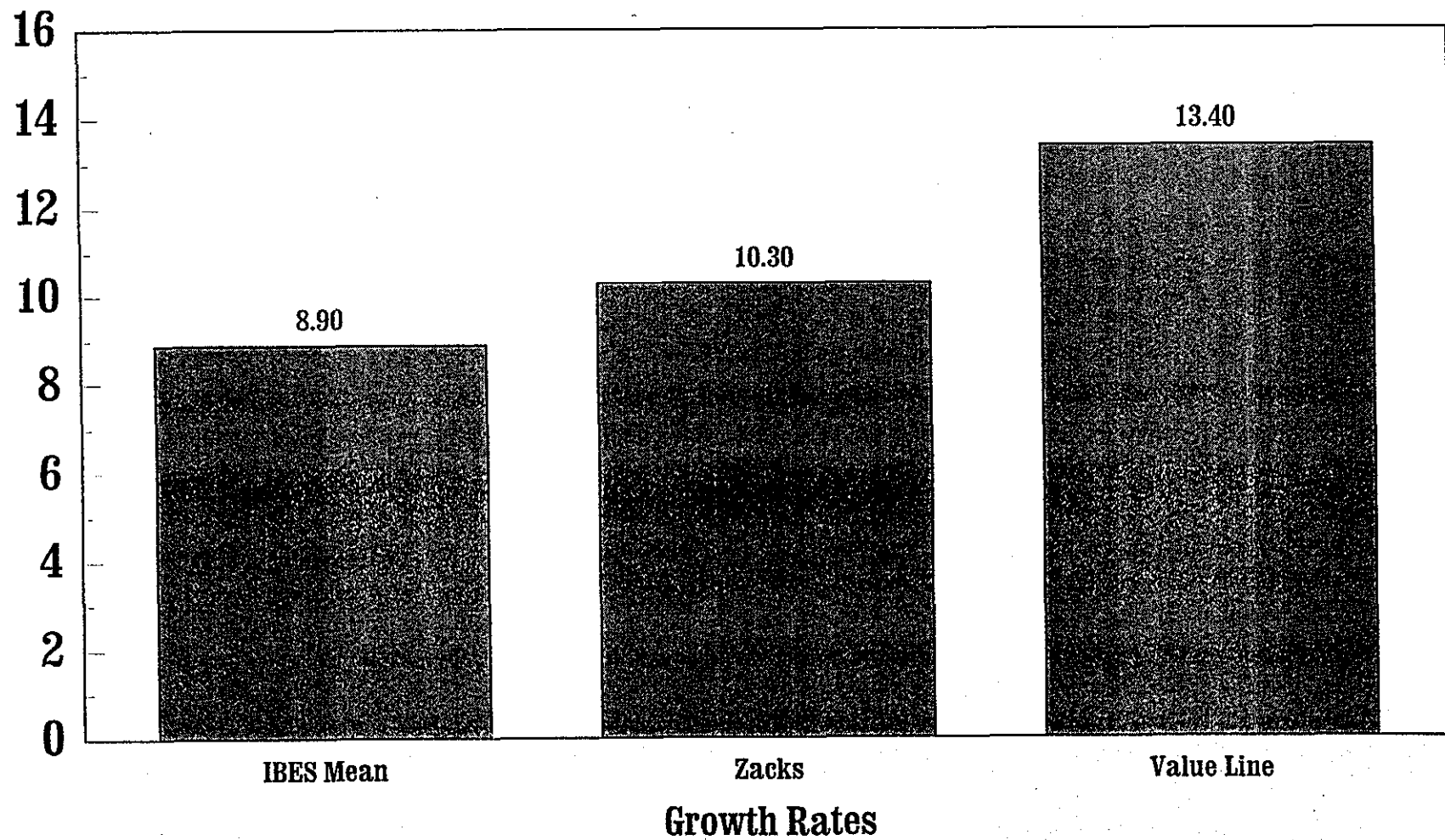
Percent (%)



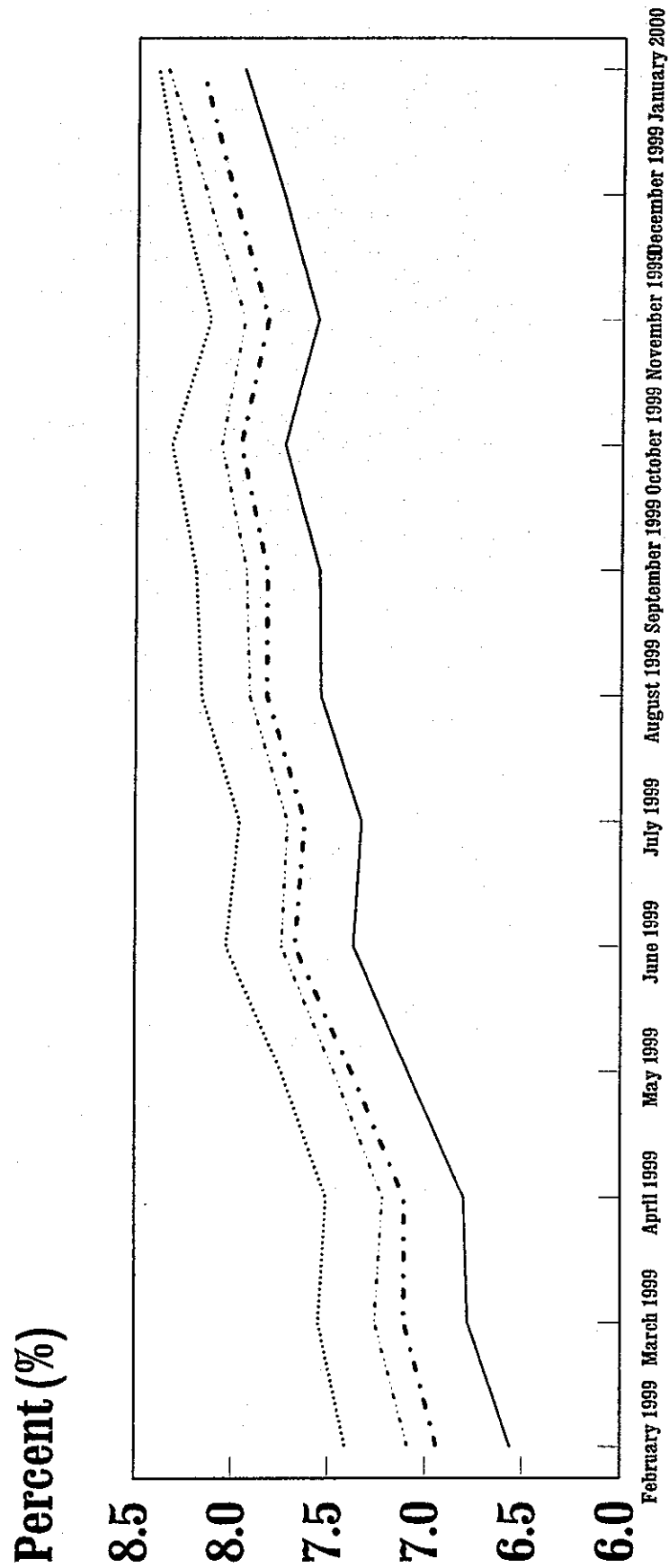
# Public Utility Group

## Analysts' Projected Short-Run Earnings Growth Rates

Percent (%)



# Interest Rate Trends for Public Utility Bonds



Aaa Rated Aa Rated A Rated Baa Rated

— - - - - . . . . .

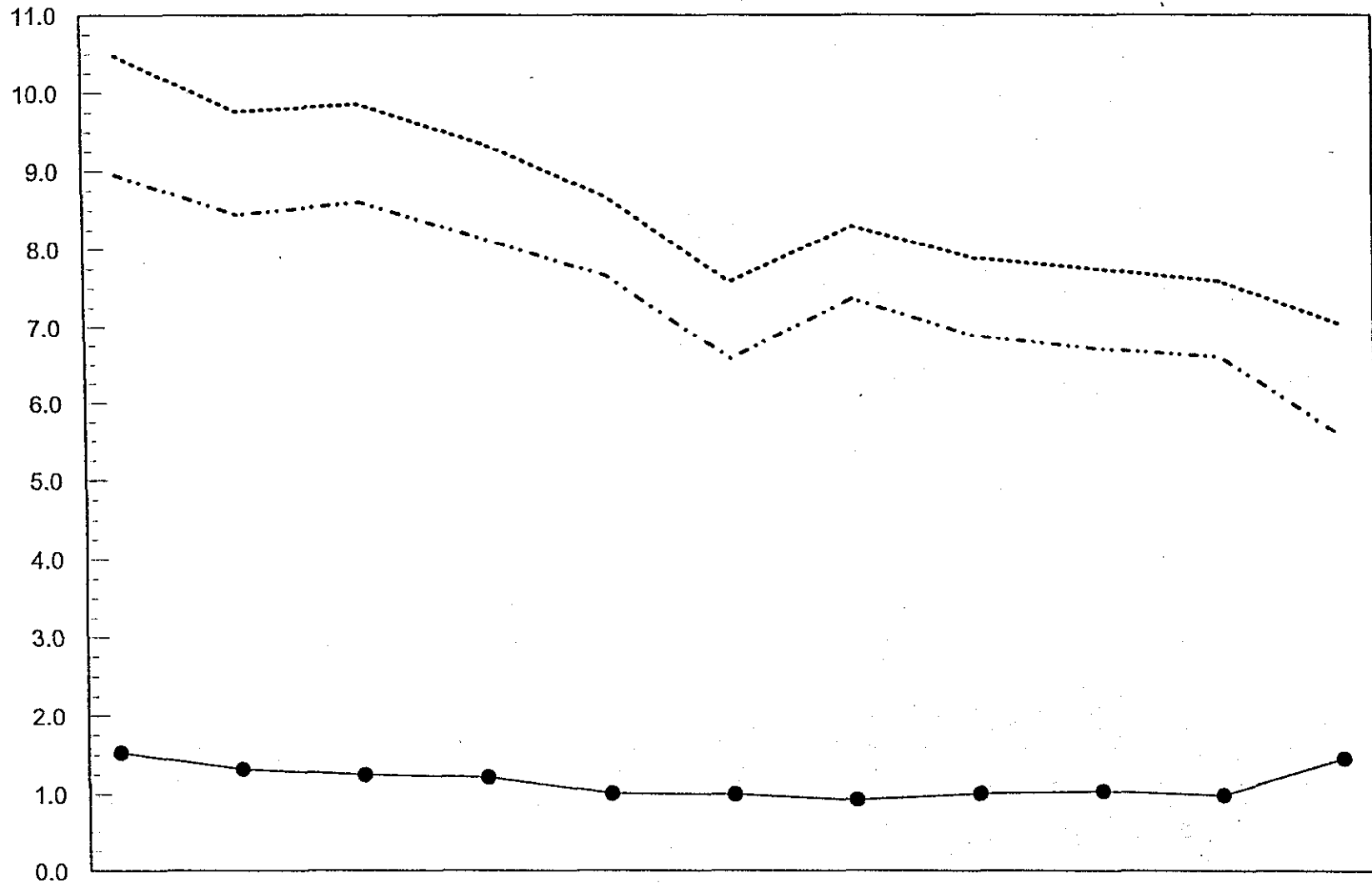
**Interest Rate Trends for Investor-Owned Public Utility Bonds  
Yearly for 1995-1999  
and the Twelve Months Ended January 2000**

<u>Years</u>	<u>Aaa Rated</u>	<u>Aa Rated</u>	<u>A Rated</u>	<u>Baa Rated</u>	<u>Average</u>
1995	7.68%	7.77%	7.89%	8.29%	7.92%
1996	7.48%	7.57%	7.75%	8.16%	7.74%
1997	7.43%	7.54%	7.60%	7.95%	7.63%
1998	6.77%	6.91%	7.04%	7.26%	7.00%
1999	7.21%	7.51%	7.62%	7.88%	7.55%
<u>Months</u>					
February 1999	6.56%	6.94%	7.09%	7.41%	7.00%
March 1999	6.78%	7.11%	7.26%	7.55%	7.18%
April 1999	6.80%	7.11%	7.22%	7.51%	7.16%
May 1999	7.09%	7.38%	7.47%	7.74%	7.42%
June 1999	7.37%	7.67%	7.74%	8.03%	7.70%
July 1999	7.33%	7.62%	7.71%	7.96%	7.66%
August 1999	7.54%	7.82%	7.91%	8.16%	7.86%
September 1999	7.55%	7.82%	7.93%	8.19%	7.87%
October 1999	7.73%	7.96%	8.06%	8.32%	8.02%
November 1999	7.56%	7.82%	7.94%	8.12%	7.86%
December 1999	7.74%	8.00%	8.14%	8.28%	8.04%
January 2000	<u>7.95%</u>	<u>8.17%</u>	<u>8.35%</u>	<u>8.40%</u>	<u>8.22%</u>
Twelve-Month Average	<u>7.33%</u>	<u>7.62%</u>	<u>7.74%</u>	<u>7.97%</u>	<u>7.67%</u>

Source of Information : Moody's Investors Services, Inc. (Public Utility Manuals and Bond Surveys)

# Yields on A-rated Public Utility Bonds & 30-year Treasury Bonds and Interest Rate Spreads

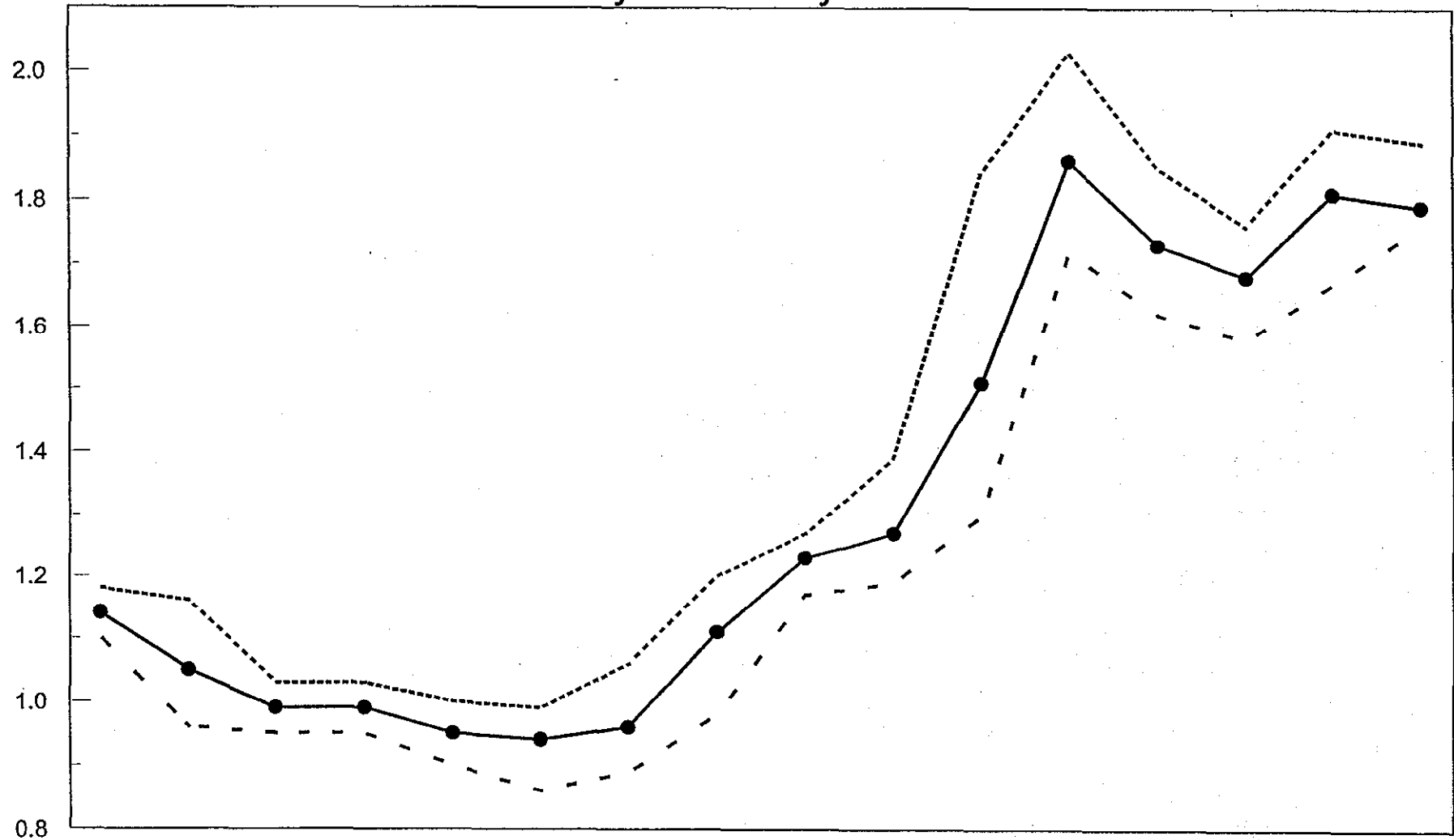
Percent



	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
A rated Pub. Util. ---	10.49	9.77	9.86	9.36	8.68	7.59	8.30	7.89	7.75	7.60	7.04
30-year Treasury -.-	8.96	8.45	8.61	8.14	7.67	6.59	7.37	6.88	6.71	6.61	5.58
Spread ●	1.53	1.32	1.25	1.22	1.01	1.00	0.93	1.01	1.04	0.99	1.46

# Interest Rate Spreads A-rated Public Utility Bonds over 30-year Treasury Bonds

Percentage Points



	Mar-96	Jun-96	Sep-96	Dec-96	Mar-97	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99	Jun-99	Sep-99	Dec-99
High ---	1.18	1.16	1.03	1.03	1.00	0.99	1.06	1.20	1.27	1.39	1.84	2.03	1.85	1.76	1.91	1.89
Avg ●	1.14	1.05	0.99	0.99	0.95	0.94	0.96	1.11	1.23	1.27	1.51	1.86	1.73	1.68	1.81	1.79
Low -	1.10	0.96	0.95	0.95	0.90	0.86	0.89	0.98	1.17	1.19	1.30	1.72	1.62	1.58	1.67	1.76

Spreads are calculated daily, with the average covering an entire quarter

S&P Composite Index and S&P Public Utility Index  
Long-Term Corporate and Public Utility Bonds  
Yearly Total Returns  
1928-1999

Year	S & P Composite Index	S & P Public Utility Index	Long Term Corporate Bonds	Public Utility Bonds
1928	43.61%	57.47%	2.84%	3.08%
1929	-8.42%	11.02%	3.27%	2.34%
1930	-24.80%	-21.96%	7.98%	4.74%
1931	-43.34%	-35.90%	-1.85%	-11.11%
1932	-3.19%	-0.54%	10.82%	7.25%
1933	53.99%	-21.87%	10.38%	-3.82%
1934	-1.44%	-20.41%	13.84%	22.61%
1935	47.67%	76.63%	9.61%	16.03%
1936	33.92%	20.69%	6.74%	8.30%
1937	-35.03%	-37.04%	2.75%	-4.05%
1938	31.12%	22.45%	6.13%	8.11%
1939	-3.41%	11.26%	3.97%	6.76%
1940	-8.78%	-17.15%	3.39%	4.45%
1941	-11.59%	-31.57%	2.73%	2.15%
1942	20.34%	15.39%	2.60%	3.81%
1943	25.90%	46.07%	2.83%	7.04%
1944	19.75%	18.03%	4.73%	3.29%
1945	36.44%	53.33%	4.08%	5.92%
1946	-3.07%	1.26%	1.72%	2.98%
1947	5.71%	-13.16%	-2.34%	-2.19%
1948	5.50%	4.01%	4.14%	2.65%
1949	18.79%	31.39%	3.31%	7.16%
1950	31.71%	3.25%	2.12%	2.01%
1951	24.02%	18.63%	-2.69%	-2.77%
1952	18.37%	19.25%	3.52%	2.99%
1953	-0.99%	7.85%	3.41%	2.08%
1954	52.62%	24.72%	5.39%	7.57%
1955	31.56%	11.26%	0.48%	0.12%
1956	5.56%	5.06%	-6.81%	-6.25%
1957	-10.78%	6.36%	8.71%	3.58%
1958	43.36%	40.70%	-2.22%	0.18%
1959	11.96%	7.49%	-0.97%	-2.29%
1960	0.47%	20.26%	9.07%	9.01%
1961	26.89%	29.33%	4.82%	4.65%
1962	-8.73%	-2.44%	7.95%	6.55%
1963	22.80%	12.36%	2.19%	3.44%
1964	16.48%	15.91%	4.77%	4.94%
1965	12.45%	4.67%	-0.46%	0.50%
1966	-10.06%	-4.48%	0.20%	-3.45%
1967	23.98%	-0.63%	-4.95%	-3.63%
1968	11.06%	10.32%	2.57%	1.87%
1969	-8.50%	-15.42%	-8.09%	-6.66%
1970	4.01%	16.56%	18.37%	15.90%
1971	14.31%	2.41%	11.01%	11.59%
1972	18.98%	8.15%	7.26%	7.19%
1973	-14.66%	-18.07%	1.14%	2.42%
1974	-26.47%	-21.55%	-3.06%	-5.28%
1975	37.20%	44.49%	14.64%	15.50%
1976	23.84%	31.81%	18.65%	19.04%
1977	-7.18%	8.64%	1.71%	5.22%
1978	6.56%	-3.71%	-0.07%	-0.98%
1979	18.44%	13.58%	-1.18%	-2.75%
1980	32.42%	15.08%	-2.76%	-0.23%
1981	-4.91%	11.74%	-1.24%	4.27%
1982	21.41%	26.52%	42.56%	33.52%
1983	22.51%	20.01%	6.26%	10.33%
1984	5.27%	25.04%	16.66%	14.82%
1985	32.16%	33.05%	30.09%	26.48%
1986	16.47%	28.53%	19.65%	18.16%
1987	5.23%	-2.92%	-0.27%	3.02%
1988	16.81%	18.27%	10.70%	10.19%
1989	31.49%	47.80%	16.23%	15.61%
1990	-3.17%	-2.57%	6.78%	8.13%
1991	30.55%	14.61%	19.89%	19.25%
1992	7.67%	8.10%	9.39%	8.65%
1993	9.99%	14.41%	13.19%	10.59%
1994	1.31%	-7.94%	-5.76%	-4.72%
1995	37.43%	42.15%	27.20%	22.81%
1996	23.07%	3.14%	1.40%	3.04%
1997	33.36%	24.69%	12.95%	11.39%
1998	28.58%	14.82%	10.76%	9.44%
1999	21.04%	-8.85%	-7.45%	-1.69%
Geometric Mean	11.02%	8.87%	5.56%	5.43%
Arithmetic Mean	12.97%	11.01%	5.90%	5.73%
Standard Deviation	20.22%	21.68%	8.83%	8.21%
Median	16.65%	11.26%	3.75%	4.36%

**Tabulation of Risk Rate Differentials for  
S&P Public Utility Index and Public Utility Bonds  
For the Years 1928-1999, 1952-1999, 1974-1999 and 1979-1999**

<u>Total Returns</u>	<u>Range</u>			<u>Point Estimate</u>	<u>Average of the Midpoint of Range and Point Estimate</u>
	<u>Geometric Mean</u>	<u>Median</u>	<u>Midpoint</u>	<u>Arithmetic Mean</u>	
<u>1928-1999</u>					
S&P Public Utility Index	8.87%	11.26%		11.01%	
Public Utility Bonds	<u>5.43%</u>	<u>4.36%</u>		<u>5.73%</u>	
Risk Differential	<u>3.44%</u>	<u>6.90%</u>	<u>5.17%</u>	<u>5.28%</u>	<u>5.23%</u>
<u>1952-1999</u>					
S&P Public Utility Index	11.43%	12.05%		12.53%	
Public Utility Bonds	<u>6.24%</u>	<u>4.80%</u>		<u>6.59%</u>	
Risk Differential	<u>5.19%</u>	<u>7.25%</u>	<u>6.22%</u>	<u>5.94%</u>	<u>6.08%</u>
<u>1974-1999</u>					
S&P Public Utility Index	14.10%	14.72%		15.38%	
Public Utility Bonds	<u>9.34%</u>	<u>9.82%</u>		<u>9.76%</u>	
Risk Differential	<u>4.76%</u>	<u>4.90%</u>	<u>4.83%</u>	<u>5.62%</u>	<u>5.23%</u>
<u>1979-1999</u>					
S&P Public Utility Index	15.26%	14.82%		16.20%	
Public Utility Bonds	<u>10.08%</u>	<u>10.19%</u>		<u>10.49%</u>	
Risk Differential	<u>5.18%</u>	<u>4.63%</u>	<u>4.91%</u>	<u>5.71%</u>	<u>5.31%</u>



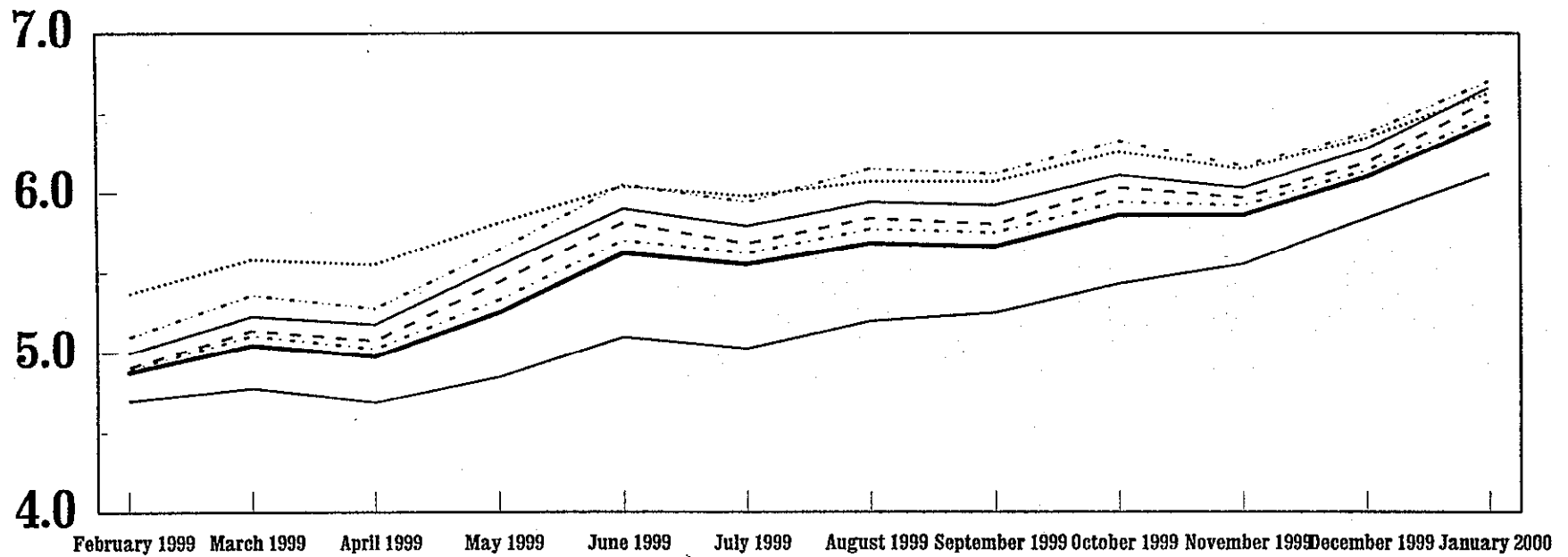
**Merrill Lynch and Value Line  
Adjusted Betas for  
the Value Line Extended Water Group and the Public Utility Group**

	<u>Merrill Lynch Adjusted Beta</u>	<u>Value Line Adjusted Beta</u>	<u>Average Adjusted Beta</u>
<u>Value Line Extended Water Group</u>			
American Water Works	0.61	0.50	0.56
American States Water Co	0.66	0.60	0.63
California Water Service Grp	0.65	0.55	0.60
Connecticut Water Service	0.33	0.50	0.42
Middlesex Water Co	0.37	0.45	0.41
Philadelphia Suburban Corp.	0.23	0.55	0.39
Southwest Water Co.	<u>0.10</u>	<u>0.55</u>	<u>0.33</u>
Average	<u>0.42</u>	<u>0.53</u>	<u>0.48</u>
<u>Public Utility Group</u>			
American Water Works	0.61	0.50	0.56
Atmos Energy Corp	0.47	0.55	0.51
Laclede Gas Co	0.47	0.50	0.49
NICOR, Inc.	0.50	0.60	0.55
Peoples Energy Corp	0.61	0.75	0.68
Philadelphia Suburban Corp	0.23	0.55	0.39
SEMCO Energy, Inc.	<u>0.77</u>	<u>0.70</u>	<u>0.74</u>
Average	<u>0.52</u>	<u>0.59</u>	<u>0.56</u>

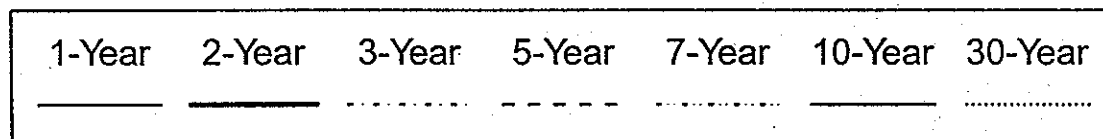
Source of Information: Merrill Lynch Security Price Index, January 2000  
Value Line Investment Survey, February 4, 2000 and December 24, 1999

## Interest Rate Trends for Treasury Constant Maturities

Percent (%)



**Bond Yields**



**Interest Rate Trends for Treasury Constant Maturities**  
**Yearly for 1995-1999**  
**and the Twelve Months Ended January 2000**

<u>Years</u>	<u>1-Year</u>	<u>2-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>7-Year</u>	<u>10-Year</u>	<u>30-Year</u>
1995	5.95%	6.16%	6.26%	6.39%	6.50%	6.58%	6.88%
1996	5.51%	5.84%	5.99%	6.18%	6.34%	6.44%	6.70%
1997	5.63%	5.99%	6.10%	6.22%	6.32%	6.35%	6.61%
1998	5.05%	5.13%	5.14%	5.15%	5.28%	5.26%	5.58%
1999	5.08%	5.43%	5.49%	5.54%	5.78%	5.64%	5.87%
<u>Months</u>							
February 1999	4.70%	4.88%	4.90%	4.91%	5.10%	5.00%	5.37%
March 1999	4.78%	5.05%	5.11%	5.14%	5.36%	5.23%	5.58%
April 1999	4.69%	4.98%	5.03%	5.08%	5.28%	5.18%	5.55%
May 1999	4.85%	5.25%	5.33%	5.44%	5.64%	5.54%	5.81%
June 1999	5.10%	5.62%	5.70%	5.81%	6.05%	5.90%	6.04%
July 1999	5.03%	5.55%	5.62%	5.68%	5.94%	5.79%	5.98%
August 1999	5.20%	5.68%	5.77%	5.84%	6.15%	5.94%	6.07%
September 1999	5.25%	5.66%	5.75%	5.80%	6.12%	5.92%	6.07%
October 1999	5.43%	5.86%	5.94%	6.03%	6.33%	6.11%	6.26%
November 1999	5.55%	5.86%	5.92%	5.97%	6.17%	6.03%	6.15%
December 1999	5.84%	6.10%	6.14%	6.19%	6.38%	6.28%	6.35%
January 2000	<u>6.12%</u>	<u>6.44%</u>	<u>6.49%</u>	<u>6.58%</u>	<u>6.70%</u>	<u>6.66%</u>	<u>6.63%</u>
<b>Twelve-Month Average</b>	<u>5.21%</u>	<u>5.58%</u>	<u>5.64%</u>	<u>5.71%</u>	<u>5.94%</u>	<u>5.80%</u>	<u>5.99%</u>

Source of Information : Federal Reserve Statistical Release

Measures of the Risk Free Rate  
Using Blue Chip Financial Forecasts

The forecast Treasury yields per the consensus of nearly 50 economists reported in the Blue Chip Financial Forecasts dated March 1, 2000.

	<u>Treasury Note Yield</u> <u>10-Year</u>	<u>Treasury Bond Yield</u> <u>30-Year</u>
First Quarter 2000	6.6%	6.4%
Second Quarter 2000	6.6	6.4
Third Quarter 2000	6.6	6.4
Fourth Quarter 2000	6.5	6.3
First Quarter 2001	6.4	6.3
Second Quarter 2001	6.4	6.2

Source of Information: Blue Chip Financial Forecasts, March 1, 2000.

# THE VALUE LINE

## Investment Survey®

### Part 1 Summary & Index

File at the front of the  
Ratings & Reports  
binder. Last week's  
Summary & Index  
should be removed.

February 4, 2000

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The Median of Estimated  
**PRICE-EARNINGS RATIOS**  
of all stocks with earnings

**14.3**

26 Weeks Ago	Market Low	Market High
17.1	10-28-87	4-22-98
	10.6	19.7

The Median of Estimated  
**DIVIDEND YIELDS**  
(next 12 months) of all dividend  
paying stocks under review

**2.2%**

26 Weeks Ago	Market Low	Market High
1.8%	10-28-87	4-22-98
	3.7%	1.6%

The Estimated Median Price  
**APPRECIATION POTENTIAL**  
of all 1700 stocks in the hypothesized  
economic environment 3 to 5 years hence

**80%**

26 Weeks Ago	Market Low	Market High
60%	10-28-87	4-22-98
	120%	35%

#### ANALYSES OF INDUSTRIES IN ALPHABETICAL ORDER WITH PAGE NUMBER

Numerals in parenthesis after the industry is rank for probable performance (next 12 months).

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Aerospace/Defense (82) ..... 551	Educational Services (28) ..... 1586	Investment Co. (68) ..... 969	Retail (Special Lines) (17) ..... 1670
Air Transport (85) ..... 1148, 261	Electrical Equipment (47) ..... 1001	Investment Co.(Foreign) (14) ..... 375	Retail Store (50) ..... 1641
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\*Reviewed in this week's edition.

In three parts: This is Part 1, the Summary & Index. Part 2 is Selection & Opinion. Part 3 is Ratings & Reports. Volume LV, No. 22.

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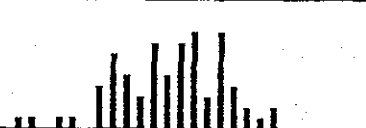
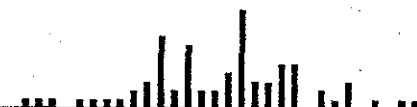





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Table 2-1

Basic Series:  
Summary Statistics of  
Annual Total Returns

Exhibit 7.1  
Schedule 11  
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From 1926 to 1999

Series	Geometric Mean	Arithmetic Mean	Standard Deviation	Distribution
Large Company Stocks	11.3%	13.3%	20.1%	
Small Company Stocks	12.6	17.6	33.6	
Long-Term Corporate Bonds	5.6	5.9	8.7	
Long-Term Government	5.1	5.5	9.3	
Intermediate-Term Government	5.2	5.4	5.8	
U.S. Treasury Bills	3.8	3.8	3.2	
Inflation	3.1	3.2	4.5	
				-90%                      0%                      90%

\* The 1933 Small Company Stock Total Return was 142.9 percent.

**Comparable Earnings Approach for  
Value Line Extended Water Group and Public Utility Group  
All Value Line Non-Utility Companies with Timeliness of 2, 3, 4 and 5,  
Safety Ranking of 1, 2, 3 and 4, Financial Strength of B, B+, B++, A and A+,  
Price Stability 35 to 100, Beta's of .45 to .75  
and Technical Rank of 2, 3 or 4**

<u>Company Name</u>	<u>Industry Name</u>	<u>Time- liness Rank</u>	<u>Safety Rank</u>	<u>Financial Strength</u>	<u>Price Stability</u>	<u>Beta</u>	<u>Technical Rank</u>
21st Century Ins. Group	INSRPTY	3	3	B	75	0.7	3
ALPHARMA Inc.	MEDSUPPL	3	3	B	35	0.7	3
Alberto Culver 'B'	COSMETIC	3	2	B++	90	0.75	3
Alexander & Baldwin	MARITIME	3	3	B+	80	0.7	3
Alliant Techsystems	DEFENSE	3	3	B	90	0.5	4
Amerada Hess	OILINTEG	2	3	B	90	0.7	3
Ameron Int'l	BUILDING	3	3	B+	90	0.65	3
Ametek Inc.	DIVERSIF	3	3	B	60	0.75	3
Ampco-Pittsburgh	STEEL	3	3	B+	55	0.65	3
Anadarko Petroleum	OILPROD	3	3	B+	50	0.75	3
Analogic Corp.	INSTRMNT	4	3	B+	55	0.7	3
Apache Corp.	OILPROD	2	3	B	55	0.7	2
Applied Ind'l Techn.	MACHINE	3	3	B+	60	0.6	3
Archer Daniels Mid'l'd	FOODPROC	4	3	B+	85	0.75	4
Arrow Int'l	MEDSUPPL	2	3	B+	35	0.6	2
Baldor Electric	ELECEQ	4	2	B++	90	0.65	3
Bandag Inc.	TIRE	4	2	B++	90	0.75	4
Banta Corp.	PUBLISH	3	3	B+	70	0.7	3
Bassett Furniture	FURNITUR	4	3	B++	55	0.75	3
Berry Petroleum 'A'	OILPROD	2	3	B	75	0.6	3
Bestfoods	FOODPROC	3	1	A+	95	0.75	3
Bio-Rad Labs. 'A'	MEDSUPPL	3	3	B+	60	0.75	3
Blair Corp.	RETAILSP	4	3	B	40	0.6	3
Bob Evans Farms	RESTRNT	4	3	B++	70	0.75	4
Burlington Resources	OILPROD	3	3	B++	80	0.75	4
Butler Mfg.	BUILDING	3	3	B++	65	0.75	4
CLARCOR Inc.	PACKAGE	3	3	B++	75	0.75	3
Calgon Carbon	CHEMSPEC	3	3	B+	45	0.7	2
Canandaigua Brands 'A'	ALCO-BEV	2	3	B	35	0.65	3
Caraustar Inds.	PACKAGE	4	3	B	65	0.75	3
Carpenter Technology	STEEL	3	3	B	75	0.65	3
Casey's Gen'l Stores	GROCERY	3	3	B	65	0.7	3
Centex Construction	CEMENT	3	3	B++	55	0.7	3
Chemed Corp.	DIVERSIF	3	3	B	90	0.6	3
Church & Dwight	HOUSEPRD	2	3	B++	80	0.65	2
Cincinnati Financial	INSRPTY	4	2	B++	80	0.75	4
ConAgra Inc.	FOODPROC	3	2	A	80	0.7	3
Consol. Papers	PAPER	3	3	B	85	0.7	3
Coors (Adolph) 'B'	ALCO-BEV	3	3	B+	50	0.65	3
Crawford & Co. 'B'	FINSVCS	3	3	A	55	0.75	2
Curtiss-Wright	MACHINE	3	2	B++	90	0.65	3
Darden Restaurants	RESTRNT	3	3	B+	70	0.65	4
Dean Foods	FOODPROC	3	3	B+	85	0.7	3
Dentsply Int'l	MEDSUPPL	3	3	B++	70	0.65	3

Diagnostic Products	MEDSUPPL	4	3	B++	65	0.7	3
Dial Corp.	HOUSEPRD	3	3	B++	60	0.75	3
Donaldson Co.	MACHINE	2	3	B++	75	0.7	3
Earthgrains Co.	FOODPROC	3	3	B+	65	0.6	3
Fansteel Inc.	METALFAB	4	3	B	45	0.7	3
Flowers Inds.	FOODPROC	5	3	B+	70	0.65	4
Franklin Electric	ELECEQ	3	3	B+	80	0.5	3
Fuller (H.B.)	CHEMSPEC	3	3	B+	65	0.7	3
G&K Services 'A'	INDUSRV	5	3	B+	45	0.7	3
GAINSCO Inc.	INSRPTY	3	3	B++	50	0.7	2
Gallagher (Arthur J.)	FINSVCS	3	2	A	95	0.7	3
Gaylord Entertainm.	ENTRTAIN	4	3	B	65	0.75	3
Gen'l Mills	FOODPROC	4	2	B++	100	0.65	3
Guilford Mills	TEXTILE	4	3	B	65	0.75	4
Haemonetics Corp.	MEDSUPPL	3	3	B+	65	0.65	2
Haverty Furniture	RETAILSP	3	3	B	50	0.75	3
Heinz (H.J.)	FOODPROC	4	1	A+	95	0.75	3
Hershey Foods	FOODPROC	5	2	A	95	0.7	3
Hormel Foods	FOODPROC	3	2	A	90	0.5	3
Houghton Mifflin	PUBLISH	4	3	B++	75	0.75	3
Hunt Corp.	OFFICE	3	3	B	60	0.75	4
IBP Inc.	FOODPROC	3	3	B+	60	0.7	3
Int'l Aluminum	BUILDING	4	2	B+	100	0.55	4
Interstate Bakeries	FOODPROC	5	3	B+	65	0.7	3
Jo-Ann Stores	RETAILSP	3	3	B	50	0.75	3
Johnson Worldwide	RECREATE	2	3	B	40	0.75	3
Justin Inds.	BUILDING	3	3	B	60	0.65	3
K2 Inc.	RECREATE	3	3	B+	35	0.75	3
Kellogg	FOODPROC	4	2	A	90	0.75	3
Kellwood Co.	APPAREL	3	3	B++	50	0.65	3
Kelly Services 'A'	INDUSRV	3	2	A+	70	0.75	3
Kerr-McGee Corp.	OILINTEG	2	3	B+	85	0.7	2
Kimball Int'l 'B'	FURNITUR	3	3	B++	65	0.75	3
Lancaster Colony	HOUSEPRD	2	3	B+	75	0.7	3
Lance Inc.	FOODPROC	5	3	B+	75	0.6	4
Lawson Products	METALFAB	3	2	A	85	0.6	3
Lear Corp.	AUTO-OEM	3	3	B	50	0.75	4
Libbey Inc.	HOUSEPRD	4	3	B	75	0.55	3
Liberty Corp.	INSLIFE	4	3	B+	95	0.75	3
Lillian Vernon	RETAILSP	3	3	B+	55	0.7	3
Lincoln Elec Hldgs.	MACHINE	3	3	A	60	0.75	3
Marcus Corp.	HOTELGAM	3	3	B	70	0.75	3
Markel Corp.	INSRPTY	5	2	B++	95	0.7	4
McClatchy Co.	NWSPAPER	2	3	B++	80	0.75	3
McCormick & Co.	FOODPROC	3	2	B++	90	0.6	3
Modine Mfg.	AUTO-OEM	4	3	B+	60	0.75	3
Murphy Oil Corp.	OILINTEG	2	3	B+	90	0.7	3
NCH Corp.	CHEMSPEC	3	2	B++	95	0.6	4
Nabisco Holdings 'A'	FOODPROC	4	3	B	75	0.75	3
National Presto Ind.	APPLIANC	4	2	B+	100	0.55	3
New England Bus.	OFFICE	3	3	B++	70	0.65	3
Noble Affiliates	OILPROD	3	3	B	50	0.75	3
OM Group	CHEMSPEC	2	3	B	55	0.75	3
Old Nat'l Bancorp	BANKMID	4	1	A	100	0.55	3
Oneida Ltd.	HOUSEPRD	2	3	B	45	0.7	3
Overseas Shipholding	MARITIME	3	3	B	60	0.65	2
Owens & Minor	MEDSUPPL	3	3	B	40	0.65	3
Patterson Dental	MEDSUPPL	2	3	B+	50	0.5	2
Performance Food	FOODWHOL	3	3	B+	40	0.75	3



Perrigo Co.	DRUG	3	3	B+	55	0.55	3
Phillips Petroleum	OILINTEG	4	3	B+	90	0.75	3
Pittston Brink's	DIVERSIF	4	3	B++	65	0.7	4
Quaker Chemical	CHEMSPEC	3	3	B+	65	0.7	3
Quaker Oats	FOODPROC	3	3	B	95	0.6	3
RLI Corp.	INSRPTY	4	3	B+	90	0.7	3
RPM Inc.	CHEMSPEC	5	3	B	90	0.75	4
Rayonier Inc.	PAPER	4	3	B	90	0.75	3
Regal-Beloit	MACHINE	3	3	B	55	0.75	3
Riviana Foods	FOODPROC	3	3	B++	55	0.5	3
Rogers Corp.	ELECTRNX	2	3	B+	65	0.75	2
Roper Inds.	MACHINE	2	3	B+	50	0.75	2
Ruddick Corp.	GROCERY	4	3	B+	65	0.5	3
Ryan's Family	RESTRNT	3	3	B++	60	0.7	4
Safeway Inc.	GROCERY	3	3	B++	75	0.75	4
Salient 3 Commun.	TELEQUIP	3	3	B	35	0.7	3
Sara Lee Corp.	FOODPROC	4	1	A+	85	0.7	3
Schulman (A.)	CHEMSPEC	3	3	B+	45	0.6	3
Selective Ins. Group	INSRPTY	4	3	B+	85	0.65	3
Sequa Corp. 'A'	DIVERSIF	4	3	B	50	0.75	3
Simpson Inds.	AUTO-OEM	3	3	B+	60	0.7	3
Smucker (J.M.) 'A'	FOODPROC	3	3	B++	80	0.7	3
SpaceLabs Medical	MEDSUPPL	3	3	B	70	0.65	3
Standard Register	OFFICE	5	3	B	80	0.5	4
Sysco Corp.	FOODWHOL	2	1	A+	95	0.75	3
Tecumseh Products 'A'	MACHINE	3	2	A	80	0.6	4
Tennant Co.	MACHINE	4	2	B++	85	0.55	3
Texaco Inc.	OILINTEG	4	1	A	95	0.65	3
Thomson Corp.	NWSPAPER	4	3	B+	85	0.75	3
Times Mirror Co.	NWSPAPER	3	2	A	75	0.75	3
Tredegart Corp.	CHEMSPEC	4	3	B	50	0.7	4
U.S. Foodservice	FOODWHOL	3	3	B+	55	0.7	4
UST Inc.	TOBACCO	3	2	A	85	0.65	3
USX-Marathon Group	OILINTEG	3	3	B+	75	0.7	3
Ultramar Diamond	OILINTEG	2	3	B	55	0.75	3
United Industrial Corp.	DEFENSE	4	3	B	45	0.65	3
Unitrin Inc.	FINSVCS	4	2	B++	95	0.75	3
Universal Corp.	TOBACCO	3	2	A	85	0.65	3
Universal Foods	FOODPROC	3	2	B++	90	0.7	3
VICORP Restaurants	RESTRNT	2	3	B	65	0.65	3
Valmont Inds.	DIVERSIF	3	3	B	60	0.6	3
Valspar Corp.	CHEMSPEC	2	3	B+	90	0.65	3
WD-40 Co.	CHEMSPEC	5	2	A	85	0.5	3
Wendy's Int'l	RESTRNT	4	3	A	70	0.75	4
West Pharmac. Svcs.	MEDSUPPL	5	3	B+	95	0.5	3
Wolohan Lumber	BUILDSUP	2	3	B	70	0.65	3
Worthington Inds.	STEEL	3	3	B++	60	0.7	2
Averages		<u>3.2</u>	<u>2.7</u>	<u>B+</u>	<u>70.2</u>	<u>0.68</u>	<u>3.1</u>
Barometer Groups	- Range	<u>2 to 5</u>	<u>1 to 3</u>	<u>B to A+</u>	<u>35 to 100</u>	<u>45 to 75</u>	<u>2 to 4</u>

Source of Information: Value Line Investment Survey for Windows, February 2000

**Comparable Earnings Approach  
Five Year Average Historical Earned Returns  
for the Years 1994-1998 and  
Projected 3-5 Year Returns**

<u>Company Name</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>Average</u>	<u>Projected 3-5 Year Return</u>
21st Century Ins. Group	NMF	14.9%	15.2%	19.0%	12.9%	15.5%	14.0%
ALPHARMA Inc.	8.5%	9.2%	NMF	7.3%	10.2%	8.8%	13.0%
Alberto Culver 'B'	13.5%	14.2%	14.8%	15.2%	15.6%	14.7%	13.0%
Alexander & Baldwin	11.8%	6.1%	9.1%	9.6%	8.6%	9.0%	14.0%
Alliant Techsystems	3.6%	37.8%	24.7%	25.6%	57.0%	29.7%	21.0%
Amerada Hess	1.0%	NMF	7.0%	0.4%	NMF	2.8%	7.5%
Ameron Int'l	7.2%	9.3%	10.6%	12.7%	9.7%	9.9%	10.0%
Ametek Inc.	53.3%	50.3%	39.5%	31.6%	32.5%	41.4%	17.5%
Ampco-Pittsburgh	4.6%	8.1%	9.9%	11.1%	11.0%	8.9%	11.5%
Anadarko Petroleum	5.3%	2.3%	8.7%	9.6%	NMF	6.5%	15.0%
Analogic Corp.	8.0%	6.3%	6.2%	9.3%	9.5%	7.9%	9.5%
Apache Corp.	4.9%	2.4%	8.0%	9.0%	1.6%	5.2%	8.5%
Applied Ind'l Techn.	8.4%	10.2%	12.3%	13.1%	10.2%	10.8%	11.0%
Archer Daniels Mid'l'd	9.6%	13.6%	11.3%	9.2%	6.8%	10.1%	8.0%
Arrow Int'l	21.7%	18.0%	14.9%	14.9%	16.3%	17.2%	14.5%
Baldor Electric	14.3%	15.3%	17.6%	16.6%	16.9%	16.1%	16.5%
Bandag Inc.	21.7%	22.4%	19.9%	16.4%	12.7%	18.6%	12.0%
Banta Corp.	14.2%	13.8%	12.1%	12.5%	12.9%	13.1%	14.0%
Bassett Furniture	8.5%	7.7%	6.3%	6.5%	7.0%	7.2%	8.0%
Berry Petroleum 'A'	NMF	13.3%	17.4%	17.2%	4.6%	13.1%	17.0%
Bestfoods	27.6%	27.6%	27.8%	56.1%	67.5%	41.3%	51.5%
Bio-Rad Labs. 'A'	12.0%	16.7%	16.9%	10.3%	11.3%	13.4%	10.5%
Blair Corp.	18.8%	12.3%	7.1%	6.2%	8.6%	10.6%	7.5%
Bob Evans Farms	13.6%	10.5%	8.5%	10.0%	12.2%	11.0%	13.5%
Burlington Resources	6.0%	1.1%	10.9%	11.9%	2.8%	6.5%	13.0%
Butler Mfg.	19.4%	22.9%	20.7%	13.5%	11.8%	17.7%	12.5%
CLARCOR Inc.	17.6%	16.8%	16.4%	16.5%	17.2%	16.9%	15.5%
Calgon Carbon	6.9%	9.8%	10.0%	10.3%	6.2%	8.6%	13.0%
Canandaigua Brands 'A'	13.0%	12.0%	7.6%	12.8%	14.6%	12.0%	17.0%
Caraustar Inds.	34.7%	30.9%	33.9%	23.9%	22.2%	29.1%	20.0%
Carpenter Technology	16.0%	18.0%	19.5%	13.4%	12.7%	15.9%	12.5%
Casey's Gen'l Stores	12.7%	13.0%	11.6%	12.7%	13.3%	12.7%	12.0%
Centex Construction	8.2%	7.4%	12.8%	14.6%	19.4%	12.5%	13.0%
Chemed Corp.	8.4%	10.0%	14.6%	7.5%	8.9%	9.9%	11.5%
Church & Dwight	6.9%	6.6%	12.8%	13.7%	15.9%	11.2%	20.0%
Cincinnati Financial	10.4%	8.5%	7.0%	6.3%	4.3%	7.3%	7.0%
ConAgra Inc.	16.3%	17.4%	24.2%	24.9%	22.6%	21.1%	24.0%
Consol. Papers	8.5%	19.8%	14.1%	9.0%	7.9%	11.9%	11.5%
Coors (Adolph) 'B'	7.2%	4.9%	6.6%	9.3%	10.2%	7.6%	12.0%
Crawford & Co. 'B'	19.0%	16.3%	19.3%	21.9%	15.4%	18.4%	20.0%
Curtiss-Wright	12.3%	10.6%	8.8%	12.6%	12.7%	11.4%	11.5%
Darden Restaurants	8.7%	9.2%	9.7%	5.0%	10.0%	8.5%	13.0%
Dean Foods	13.5%	13.7%	9.5%	15.3%	14.2%	13.2%	18.5%
Dentsply Int'l	18.1%	17.1%	18.4%	17.6%	19.4%	18.1%	16.0%
Diagnostic Products	12.4%	14.8%	12.6%	9.8%	10.1%	11.9%	14.5%

Dial Corp.	--	11.0%	49.2%	26.2%	26.3%	28.2%	21.0%
Donaldson Co.	16.8%	17.4%	19.0%	20.8%	22.3%	19.3%	21.0%
Earthgrains Co.	--	--	3.2%	6.2%	8.0%	5.8%	10.0%
Fansteel Inc.	7.2%	6.5%	7.7%	6.6%	11.4%	7.9%	10.0%
Flowers Inds.	10.7%	13.9%	10.1%	15.3%	15.6%	13.1%	19.0%
Franklin Electric	28.8%	19.2%	21.5%	25.0%	27.1%	24.3%	20.0%
Fuller (H.B.)	11.2%	9.8%	10.2%	11.9%	10.9%	10.8%	13.5%
G&K Services 'A'	14.7%	15.4%	16.2%	17.2%	16.2%	15.9%	17.0%
GAINSCO Inc.	18.6%	17.7%	14.6%	10.1%	NMF	15.3%	11.0%
Gallagher (Arthur J.)	35.7%	35.1%	34.0%	32.5%	27.9%	33.0%	20.0%
Gaylord Entertainm.	21.4%	15.6%	17.1%	5.2%	4.8%	12.8%	5.5%
Gen'l Mills	33.5%	NMF	NMF	96.0%	NMF	64.8%	NMF
Guilford Mills	10.3%	12.6%	11.4%	10.6%	9.7%	10.9%	8.5%
Haemonetics Corp.	17.4%	16.6%	14.6%	8.5%	9.5%	13.3%	16.0%
Haverty Furniture	9.6%	8.6%	8.1%	8.4%	10.7%	9.1%	15.5%
Heinz (H.J.)	23.9%	24.4%	27.0%	36.2%	48.9%	32.1%	59.5%
Hershey Foods	18.3%	25.8%	26.6%	39.4%	31.9%	28.4%	32.0%
Hormel Foods	17.8%	16.5%	11.2%	13.2%	15.0%	14.7%	24.0%
Houghton Mifflin	13.7%	8.2%	11.4%	13.4%	10.2%	11.4%	14.5%
Hunt Corp.	13.3%	13.8%	24.6%	NMF	14.9%	16.7%	19.0%
IBP Inc.	23.4%	27.4%	16.5%	9.5%	14.6%	18.3%	11.5%
Int'l Aluminum	7.1%	11.9%	6.5%	5.9%	8.9%	8.1%	10.5%
Interstate Bakeries	11.7%	10.5%	5.3%	18.0%	22.6%	13.6%	23.0%
Jo-Ann Stores	7.3%	9.6%	13.4%	13.3%	11.2%	11.0%	11.5%
Johnson Worldwide	6.4%	7.1%	3.1%	2.0%	4.8%	4.7%	7.0%
Justin Inds.	16.6%	10.8%	9.2%	9.6%	9.1%	11.1%	10.5%
K2 Inc.	13.2%	11.3%	13.3%	11.6%	7.1%	11.3%	8.5%
Kellogg	39.0%	47.9%	49.0%	70.6%	61.7%	53.6%	47.5%
Kellwood Co.	8.1%	8.6%	10.5%	11.1%	13.4%	10.3%	15.0%
Kelly Services 'A'	14.1%	14.6%	14.1%	14.4%	15.8%	14.6%	15.0%
Kerr-McGee Corp.	6.2%	9.7%	16.7%	13.5%	3.8%	10.0%	24.5%
Kimball Int'l 'B'	10.0%	11.2%	12.0%	13.7%	12.3%	11.8%	14.5%
Lancaster Colony	25.3%	25.4%	23.5%	24.1%	23.4%	24.3%	24.5%
Lance Inc.	11.6%	9.8%	13.3%	16.1%	14.8%	13.1%	19.5%
Lawson Products	15.6%	17.2%	15.5%	15.3%	13.6%	15.4%	14.5%
Lear Corp.	28.0%	16.2%	14.9%	17.2%	16.0%	18.5%	14.5%
Libbey Inc.	--	--	--	36.1%	39.8%	38.0%	23.5%
Liberty Corp.	10.5%	9.6%	10.3%	10.5%	9.8%	10.1%	10.5%
Lillian Vernon	12.4%	5.6%	4.7%	8.4%	4.0%	7.0%	9.5%
Lincoln Elec Hldgs.	--	18.6%	19.0%	19.5%	19.1%	19.1%	18.5%
Marcus Corp.	10.7%	11.3%	10.9%	11.1%	10.2%	10.8%	9.5%
Markel Corp.	13.4%	16.2%	13.0%	9.8%	10.0%	12.5%	6.5%
McClatchy Co.	9.3%	7.5%	8.5%	11.2%	7.6%	8.8%	9.5%
McCormick & Co.	21.9%	18.8%	18.5%	5.0%	27.2%	18.3%	33.5%
Modine Mfg.	22.2%	17.6%	16.5%	17.2%	16.3%	18.0%	14.0%
Murphy Oil Corp.	6.8%	2.7%	12.3%	12.3%	4.5%	7.7%	14.0%
NCH Corp.	11.3%	12.1%	11.5%	9.6%	11.6%	11.2%	10.5%
Nabisco Holdings 'A'	10.1%	7.4%	9.2%	10.3%	8.3%	9.1%	12.0%
National Presto Ind.	8.8%	7.7%	6.0%	6.8%	7.8%	7.4%	9.0%
New England Bus.	19.2%	17.8%	20.6%	25.6%	22.0%	21.0%	21.5%
Noble Affiliates	0.8%	4.1%	11.6%	11.1%	NMF	6.9%	12.5%
OM Group	14.7%	16.1%	16.2%	12.8%	12.0%	14.4%	11.5%
Old Nat'l Bancorp	12.6%	12.1%	13.1%	12.7%	14.5%	13.0%	16.0%
Oneida Ltd.	14.2%	17.0%	14.6%	19.3%	16.3%	16.3%	16.5%
Overseas Shipholding	NMF	NMF	0.3%	2.4%	1.2%	1.3%	8.0%
Owens & Minor	9.6%	NMF	5.3%	9.4%	16.6%	10.2%	14.5%
Patterson Dental	24.9%	22.6%	19.9%	19.4%	18.8%	21.1%	15.0%
Performance Food	9.8%	14.2%	10.9%	9.9%	10.6%	11.1%	14.0%
Perrigo Co.	18.5%	13.0%	10.5%	10.6%	10.2%	12.6%	12.0%
Phillips Petroleum	12.4%	16.5%	18.2%	16.7%	8.0%	14.4%	17.5%

Pittston Brink's	19.3%	19.7%	19.0%	19.3%	17.1%	18.9%	16.5%
Quaker Chemical	9.7%	7.1%	12.5%	16.1%	15.3%	12.1%	15.0%
Quaker Oats	64.7%	15.2%	14.3%	NMF	NMF	31.4%	NMF
RLI Corp.	NMF	5.0%	12.8%	11.3%	9.6%	9.7%	10.5%
RPM Inc.	16.7%	17.6%	15.5%	15.9%	15.5%	16.2%	14.5%
Rayonier Inc.	10.7%	15.4%	12.6%	13.8%	10.0%	12.5%	15.0%
Regal-Beloit	20.9%	24.2%	20.2%	20.5%	19.1%	21.0%	13.5%
Riviana Foods	--	14.6%	15.7%	15.8%	16.4%	15.6%	19.5%
Rogers Corp.	22.5%	21.8%	18.1%	17.5%	12.5%	18.5%	13.0%
Roper Inds.	25.2%	22.0%	21.0%	20.4%	20.0%	21.7%	23.5%
Ruddick Corp.	10.9%	12.4%	12.3%	12.5%	11.4%	11.9%	12.5%
Ryan's Family	11.3%	11.0%	12.6%	12.4%	14.4%	12.3%	13.0%
Safeway Inc.	38.9%	41.0%	38.8%	28.9%	26.2%	34.8%	19.0%
Salient 3 Communic.	4.2%	4.2%	7.2%	NMF	1.6%	4.3%	4.5%
Sara Lee Corp.	19.9%	18.8%	19.7%	22.3%	59.1%	28.0%	49.0%
Schulman (A.)	12.9%	13.2%	9.7%	12.9%	14.2%	12.6%	12.0%
Selective Ins. Group	11.6%	12.1%	11.7%	12.3%	8.8%	11.3%	10.5%
Sequa Corp. 'A'	NMF	0.1%	1.6%	3.3%	4.3%	2.3%	8.0%
Simpson Inds.	14.7%	14.6%	15.2%	13.4%	13.4%	14.3%	12.0%
Smucker (J.M.) 'A'	14.1%	10.7%	10.6%	12.0%	11.6%	11.8%	14.5%
SpaceLabs Medical	10.3%	9.8%	7.7%	7.2%	NMF	8.8%	8.0%
Standard Register	11.4%	11.6%	13.9%	13.7%	11.4%	12.4%	11.0%
Sysco Corp.	17.5%	17.9%	18.8%	21.6%	23.9%	19.9%	21.0%
Tecumseh Products 'A'	15.3%	13.6%	12.2%	10.0%	9.8%	12.2%	10.5%
Tennant Co.	16.4%	17.2%	16.3%	18.1%	19.3%	17.5%	17.0%
Texaco Inc.	9.4%	12.1%	16.1%	14.8%	7.6%	12.0%	14.5%
Thomson Corp.	13.1%	12.2%	9.1%	11.4%	7.1%	10.6%	10.5%
Times Mirror Co.	6.5%	NMF	13.8%	28.6%	18.9%	17.0%	25.0%
Tredegar Corp.	0.8%	14.1%	17.7%	20.9%	20.7%	14.8%	14.0%
U.S. Foodservice	--	6.4%	11.8%	12.1%	10.7%	10.3%	13.5%
UST Inc.	107.2%	146.4%	164.5%	100.3%	97.2%	123.1%	74.5%
USX-Marathon Group	2.7%	7.8%	15.6%	17.5%	7.4%	10.2%	16.0%
Ultramar Diamond	--	7.2%	7.1%	9.0%	10.6%	8.5%	14.0%
United Industrial Corp.	5.9%	1.0%	7.1%	8.3%	9.5%	6.4%	11.0%
Unitrin Inc.	8.4%	9.9%	9.0%	9.9%	8.4%	9.1%	9.5%
Universal Corp.	10.2%	9.3%	17.1%	21.5%	23.8%	16.4%	18.0%
Universal Foods	17.9%	15.7%	17.4%	17.0%	17.9%	17.2%	18.5%
VICORP Restaurants	5.7%	NMF	1.8%	5.3%	6.6%	4.9%	12.5%
Valmont Inds.	12.6%	15.5%	17.8%	18.1%	15.7%	15.9%	12.5%
Valspar Corp.	25.0%	22.4%	22.0%	22.3%	21.2%	22.6%	18.0%
WD-40 Co.	48.7%	46.0%	45.1%	41.6%	39.8%	44.2%	39.5%
Wendy's Int'l	14.3%	16.4%	14.8%	15.2%	13.9%	14.9%	16.5%
West Pharmac. Svcs.	12.0%	11.3%	12.5%	13.1%	16.3%	13.0%	17.5%
Wolohan Lumber	10.0%	5.5%	6.2%	6.0%	6.9%	6.9%	8.0%
Worthington Inds.	16.8%	19.8%	14.3%	13.0%	10.5%	14.9%	16.0%
Average						<u>15.8%</u>	<u>15.7%</u>
Median						<u>12.7%</u>	<u>14.0%</u>

Source of Information: Value Line Investment Survey for Windows, February 2000  
Value Line Investment Survey (Various Editions)

**Illinois-American Water Company**  
Comparative Results of  
Cost of Equity Methods/Models

	<u>Water Group</u>	<u>Public Utility Group</u>
DCF	9.84%	12.25%
Risk Premium	12.25%	12.75%
CAPM	13.06%	13.29%
Comparable Earnings	13.35%	13.35%